

Revocation of Exemption from Self-Employment Tax Frequently Asked Questions

Q. Who is eligible to elect back into Self-Employment Taxes?

A. If you are a Minister, a Member of a Religious Order, or a Christian Science practitioner, who previously elected out of Self-Employment Tax, you now have the option to revoke that exemption. This election would have been made by filing Form 4361.

Q. How do I revoke my election?

A. The election is revoked by filing Form 2031, *Revocation of Exemption From Self-Employment Tax for Use by Ministers, Members of Religious Orders and Christian Science Practitioners*, no later than the due date, including extensions, of your return for 2001. If you do not file for an extension, this form must be filed by April 15, 2002.

Q. Where can I obtain Form 2031?

A. You may obtain Form 2031 by telephone 1-800-829-3676 and requesting a copy be mailed to you. Or, if you prefer, you can download the form from the IRS web site www.irs.gov or use the direct link, <http://www.irs.gov/pub/irs-pdf/f2031.pdf>.

Q. Where do I send Form 2031?

A. Form 2031 may be either mailed or faxed. You may file your form with the IRS by FAX, 859-292-7867 or by mail:

Internal Revenue Service
Stop 14M
Attn: Exemption Revocation
P.O. Box 12267
Covington, KY 41012-0267

Q. When is the election effective?

A. On Form 2031 you indicate if you want the election effective for either tax year 2000 or 2001.

Q. What are the consequences of making this election?

A. If you make this election you will be responsible for Self-Employment Tax on your income as a minister. This will be effective in the year for which you make the election. For example, if you indicate the election is effective for tax year 2000,

you would need to amend your tax return for that year and pay Self-Employment Tax on your income as a minister for that year.

Q. What are the benefits of revoking my exemption?

A. By revoking the exemption and paying Self-Employment taxes you may be eligible for social security and Medicare benefits. The Social Security Administration can advise you of the requirements to be eligible for these benefits. You may contact them by calling 1-800-772-1213.

Q. If I revoke my exemption from Self-Employment Taxes, can I make a new election at a future date?

A. Once you revoke the exemption, you can *never again* elect exemption from Self-Employment Tax.

Q. How do I figure how much my Self-Employment Tax would be?

A. Self-Employment tax is made up of two components, social security and Medicare. The social security portion is computed on the first \$80,400 of your income as a minister. You figure this by multiplying your income by 12.4%. The Medicare portion is 2.9% of your income as a minister. There is no limitation on income subject to Medicare. In addition you get a deduction of $\frac{1}{2}$ of your Self-Employment tax as an adjustment to income on line 27 of Form 1040.

Q. Are there any publications with information on this matter?

A. Publication 517, social security and Other Information for Members of the Clergy & Religious Workers, contains information on this subject. You can also find information in Publication 533, Self Employment Tax. The instructions for Form 2031 also have valuable information.

Q. Is there a phone number I can call to get more information?

A. If you need further information regarding this election, please telephone 1-800-829-1040 between the hours of 7 a.m. and 10 p.m., Monday through Friday.